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Chairman: Mr. Pierre FORTHOMME
(Belgium).

GENERAL STATEMENTS (continued)

1. Mr. BOLIN (Sweden) said that the General Assembly was meeting at a time when international tensions were growing and when the economic and social development of two thirds of mankind was lagging behind the goals of the United Nations Development Decade. With very few exceptions, the developed countries had not yet fulfilled the aim of transferring resources equivalent to 1 per cent of their gross domestic product to the developing countries. In spite of the rapidly increasing needs of the latter, progress towards that goal seemed to have come to a standstill; there had also been a decline in the annual growth rate of developing countries from the latter part of the 1950's until the first part of the Decade. More resources must therefore be set aside to assist them.

2. On the average, about 90 per cent of the aid given by the rich countries was bilateral. Nevertheless, the work of the Special Fund and the Expanded Programme of Technical Assistance showed how modest amounts of multilateral assistance could help the developing countries to harness their natural resources. Obviously, multilateral assistance must have the maximum multiplying effect and be efficiently administered. The United Nations must set general standards for development and take the lead in defining common policy aims.

3. That was particularly important for industrial development. Industrialization was not a goal in itself but a means of attaining economic and social goals. Naturally, planners in most countries tended to give priority to the sector which seemed to offer the best prospects of growth, wealth and economic independence, namely, a modern, automated, heavy industry. Yet in that sector capital investment was the highest, the return slowest and the abundant manpower available in the developing countries virtually unusable. Those countries must not repeat the serious mistakes which the industrialized nations had made during their own industrial development. They must set priorities and adopt a carefully planned approach.

4. The United Nations system should be able to devise standards of industrialization and the means of attaining them. The Swedish Government had long felt that the role of the United Nations in industrial development should be strengthened; it had supported the expansion of the Centre for Industrial Development and, in 1965, had made a voluntary financial contribution to it. A high-level forum was needed within the United Nations for discussing the general approach to industrial development. There should also be an increase in the resources available within the United Nations system for industrialization, but since some of its organs, such as the International Bank and IDA, dealt with certain areas of industrial development, duplication and overlapping should be avoided. His delegation would be willing to co-operate with other members in seeking a generally acceptable formula for strengthening the industrial development activities of the United Nations.

5. In his statement (955th meeting), the Under-Secretary for Economic and Social Affairs, Mr. de Seynes, had stressed that the specific needs of the developing countries should be brought to light. Among those needs, unemployment, urbanization and the rapid growth of population were of crucial importance. At present there were many United Nations bodies dealing with those problems. His delegation would like to see greater co-ordination among them. In his report, entitled "United Nations Development Decade at mid point", ^{1/} the Secretary-General had stressed that food production, educational development, savings and industrialization in the developing countries had failed to keep pace with population growth. The Swedish Government was glad to note an increased awareness of population problems. Among the different methods of dealing with the population explosion, the Swedish Government had focused attention on family planning and had been encouraged by the positive attitude shown in different United Nations debates on that question, particularly the debate held during the recent World Population Conference at Belgrade.

6. From the beginning Sweden had supported the merger between the Special Fund and the Expanded Programme. As a result, United Nations assistance should become more effective and Governments should be more willing to increase their contributions. The Swedish Government was ready to make a contribution commensurate with a higher target for the new combined programme.

7. So far, the United Nations Conference on Trade and Development had been mainly concerned with

^{1/} Official Records of the Economic and Social Council, Thirty-ninth Session, Annexes, agenda item 2, document E/4071.

the setting up of its institutional machinery. Agreement had been reached on the working methods and the organizational arrangements of the main Committees. The Conference had also tried to come to grips with the difficult problem of implementing its decisions. At its recent meeting in Geneva, the Trade and Development Board had adopted a resolution requesting the Secretary-General of the Conference to submit an annual report on international trade and economic development. It would draw attention to those sectors where concerted action on behalf of the developing countries was needed. However, the resolution did not indicate how such action was to be organized. The problem could not be wholly solved until the role of the Conference and its relationships with other organizations had been defined. An approach might however be considered on the following lines. The conference and its various subsidiary bodies should continue to be a forum for identifying the most urgent problems and outlining some solutions. Its conclusions should be submitted to Governments in the form of recommendations. It would then be for the Governments to consider whether reasonable prospects existed for successful negotiations on specific measures. Such suggestions might perhaps be discussed in the Second Committee in a somewhat more detached manner than in the Conference.

8. The priorities to be given to the various policies intended to increase the rate of economic growth were of capital importance. So far, the Conference had been concerned more with trade policy matters than with the financial aspects of development. There was much to be said for the principle, "trade not aid". Competitive export industries should be fostered as an important stepping-stone towards economic independence. But that was a long-term aim and not feasible in countries where industrial output was bound to remain small pending the establishment of an effective industrial base. They needed increased financial and technical assistance in order to bring about the necessary structural changes. Moreover, commercial and financial measures must be more efficiently co-ordinated. If the developing countries were to be enabled to increase substantially their exports of manufactured products to the developed countries, the latter must adapt their industrial structure accordingly.

9. Of course, trade policy was also an important factor. The reduction and elimination of tariffs and other barriers to trade played an important role in the efforts of the industrialized countries to raise the export earnings of the developing countries. At the meeting of the contracting parties to GATT in February 1965, the Nordic countries had put forward a proposal aimed at a more rapid reduction and elimination of customs duties on tropical products during the Kennedy round. At a later stage those countries intended to examine the possibility of using similar methods for a wider range of commodities the production of which was concentrated in the developing nations. At their recent meetings, the Committee on Commodities and the Trade and Development Board had stressed the need for urgent action in respect of commodities. It was not easy to accommodate the interests of consumers and

producers and the outcome of the recent United Nations Sugar Conference at Geneva had not been up to expectations. Nevertheless, continued efforts must be made to stabilize commodity prices as a matter of high priority.

10. Mr. MURGESCU (Romania) said that most of the new countries were striving to establish their political independence on solid economic foundations. At the same time, the development of the world economy was marked by certain disquieting neo-colonialist tendencies and by a sluggish rate of growth, a decline in the terms of trade and an increase in the external debt in many developing countries. The gap between rich and poor countries was growing and the modest aims of the Development Decade were far from being attained. Some countries with abundant natural resources and manpower remained undeveloped. Their exports continued to fetch low prices and their populations were growing to dangerously high levels.

11. As Mr. de Seynes had pointed out, in its twenty years of existence the United Nations had succeeded in bringing about an increasing awareness of the problems involved. Those problems included industrialization, planning and the abolition of out-of-date agrarian structures. Many methods would have to be used to solve them and in recent years the Organization had created a climate favourable for the exchange of experience. Particular mention should be made of the United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas, the United Nations Conference on Trade and Development, the various world population congresses and certain studies by the Secretariat, including those on permanent sovereignty over natural resources, land reform and the training of national personnel. Such activities had facilitated the consideration of certain major problems of economic growth and the identification of new avenues of international co-operation.

12. Industrialization was of paramount importance. In the last two decades, Romania had made industrialization the corner-stone of its entire economy. As a result, the rate of industrial growth had exceeded 14 per cent in the last six years and the volume of production in 1965 was ten times greater than in 1945. Industrialization had stimulated the harmonious development of all sectors of the economy and had enabled the growing population to achieve a standard of living worthy of modern society.

13. The emphasis on industrial development had not led to the neglect of agriculture; the two sectors were indissolubly linked. A radical programme of land reform in 1945 had not only satisfied the needs of social justice but had also helped to expand the domestic market for industry. During the 1960's, the spread of co-operatives had led to an even greater rise in agricultural production. It was therefore natural that Romania should take a lively interest in international discussions on industrialization and in the proposed world land reform conference.

14. The United Nations must not only examine the economic problems confronting the developing countries; it must also see that its recommendations were carried out. That applied particularly to the

conclusions reached by the United Nations Conference on Trade and Development. For its part, Romania, which was a member of the Trade Committee of the Conference, would do its best to ensure that the new machinery overcame its initial difficulties and justified the hopes placed in it. It was important to adopt a declaration of principles to guide States in their economic relationships. As early as the twelfth session of the General Assembly, the Romanian and other delegations had proposed such a declaration and the time was now ripe for its formulation.

15. One of the major aims of international economic co-operation must be to help the developing countries consolidate their economic independence and recover from the delaying effects of foreign domination. To that end, the industrial development activities of the United Nations should be intensified. Concerted efforts must be made to expand and improve technical assistance in the domains of both pre-investment and investment. New forms of aid should be encouraged to enable the developing countries to acquire industrial equipment.

16. During the twenty years of its existence, the Economic and Social Council had become the centre of an increasingly complex system of organizations. The time had come for a serious re-examination of its role and of the suggestions already put forward by Mr. de Seynes for improving its work. Above all, the Council must avoid becoming bogged down in details that could better be handled by subsidiary bodies and must take an over-all view of such vital problems as demographic growth, literacy, technical training, science and technology. Such a global approach would stimulate the specialized agencies in their work and Governments in the framing of national policy. It might be desirable to hold a special session of the Council for the purpose of examining the activities of the United Nations and its specialized agencies regarding the role of the human factor in economic development.

17. Mr. ROOSEVELT (United States of America) said that peace could only be achieved if economic as well as political problems were solved. His delegation therefore shared the impatience of other speakers that more progress had not been made in the Development Decade. World economic growth in terms of per capita income had been disappointing, the gap between industrial and developing countries had widened, and population increases had eaten deeply into gains in productivity. Moreover, advanced and developing countries sometimes regarded each other with mistrust. However, he was sure that such prejudices could be overcome and that the effectiveness of the United Nations as an instrument of social and economic development could be greatly improved. At present, the number of bodies working in the economic sector was bewildering and agenda item 96 (Review and reappraisal of the role and functions of the Economic and Social Council) was therefore of considerable importance. His delegation welcomed the increase in the membership of the Council which would ensure adequate representation of the developing countries. The Council's discussions at its thirty-ninth session had reflected wide agreement on its major functions, and he hoped that it could improve

its work in drawing the attention of the General Assembly to major economic issues and formulating proposals for action.

18. Agenda item 51 (Consolidation of the Special Fund and the Expanded Programme of Technical Assistance in a United Nations Development Programme), was even more significant. The proposed consolidation had won general acceptance, and the Committee had simply to agree on the size and composition of the Governing Council of the new programme which should be small enough to act decisively and maintain a balance between the developed and developing countries. He trusted that the consolidation would result in a substantial increase in available resources and favoured a new target of \$200 million for the combined programmes.

19. The general review requested under agenda item 100 would require careful study and preparation. The details might well be left to the Council, which might set up a small expert group representing all regions. The review might build on the work of the Council's Committee on Programme Appraisals which had preceded the designation of the Development Decade. A further problem connected with the items mentioned was how to deploy the resources of the Secretariat so that it could effectively carry out decisions in the economic and social sectors.

20. His Government welcome the establishment of the United Nations Institute for Training and Research and pledged \$300,000 for the operation of the Institute during the current year. It would also contribute \$100,000 to help provide eight or ten Adlai E. Stevenson Fellowships during the year beginning September 1966.

21. The disappointments of the first half of the Development Decade would have served a useful purpose if they led to a re-examination of priorities and the development of new and more effective co-operative programmes. He had several proposals to make. First, world food production must be tripled over the next thirty-five years to provide every human being, particularly young children, with adequate nutrition. Agricultural yields could be vastly increased by mechanization, the use of fertilizers, the construction of fertilizer plants, land reform, extension services, and the education of the farmer. At its thirty-ninth session, the Council had recommended that the experimental World Food Programme should be put on a continuing basis with an enlarged target of \$275 million in commodities, cash and services over a three-year period [resolution 1080 (XXXIX)]. He trusted that the General Assembly would endorse that recommendation. The United States was prepared to contribute up to 50 per cent of the required commodities and up to 40 per cent of the necessary cash and services. It also intended to continue its Food for Peace Programme.

22. Secondly, more must be done to accelerate industrial growth in the developing countries, including those whose future prosperity lay in an essentially agricultural economy. Substantially more assistance must be given for industrialization, but the establishment of a new specialized agency would be an over-simplified solution resulting in serious delays in the provision of assistance. His delegation favoured

the strengthening of the existing instruments within the United Nations system and of the Centre for Industrial Development.

23. Thirdly, expanding the supply of usable water was a major problem. Desalination was a particularly appropriate project for the developed countries to undertake because of the high costs involved. His country had launched a five-year \$200 million research and development programme to lower the costs of the process. An international symposium on water desalination had just been held at Washington, following a United Nations meeting on the same subject, and the President of the United States was to present to Congress a plan for constructing practical prototype plants. The latest technological discoveries offered the prospect of plants capable of producing up to 10 million gallons of fresh water per day by 1968 and 100 million gallons per day by 1970. Accordingly, he reaffirmed his Government's support of Council resolution 1069 (XXXIX).

24. Fourthly, continuing action was needed to limit population growth in order to help banish hunger and accelerate development. Each nation should have the right to decide its own population policy just as each family must be free to decide its own size. He strongly favoured the provision of appropriate aid by United Nations agencies to any country requesting it.

25. Fifthly, the programmes of the World Health Organization to eradicate communicable diseases should be extended by adding a comprehensive plan for the elimination of cholera. Recent medical research made such a plan feasible.

26. Sixthly, trade policy must complement efforts to promote the economic and social advancement of the developing countries. It was to be hoped that, as the United Nations Conference on Trade and Development overcame its growing pains, the full resources of the United Nations could be brought to bear on that problem. The United States, as the world's largest importer from and exporter to the developing countries, would continue to seek to increase their foreign exchange earnings and expand world trade in general. Those twin objectives were both indispensable and attainable.

27. Seventhly, his country would continue to intensify the multilateral efforts made through existing agencies to supply both capital and technical assistance for development, in the conviction that in many situations the multilateral approach had significant advantages over a purely bilateral approach. The United States was making increasing use of multilateral co-ordination devices for bilateral assistance, and, in the fiscal year 1966, 85 per cent of United States development loans in Asia and Africa would be committed through international co-ordinating arrangements and the entire assistance programme for Latin America would be extended through the Alliance for Progress. His country continued to be a major supporter of multinational banks; it had recently agreed to contribute \$750 million over a three-year period to the Inter-American Development Bank's fund for special operations; it welcomed and supported the African Development Bank and maintained its offer

to participate in the financing of approved projects; it was co-operating in the creation of the proposed Asian Development Bank and was prepared to contribute towards its capital. He wished to emphasize, however, that the Bank should be an Asian bank.

28. However, if lasting progress was to be made, a much greater investment in education and training was needed. Enlarged educational facilities must be provided from the primary to the university level, and even more help must be offered for the education of scientists, technicians and administrators and the training of skilled workers in the developing countries. The pilot projects largely financed by the Special Fund and administered by UNESCO should help to promote universal literacy.

29. The economic consequences of underwater exploration were important for the future. The United States was conducting its Sea-Lab experiments to explore the food, oil and mineral resources of the ocean, and other nations were making equally remarkable progress in that domain. Just as the benefits derived from the exploration of outer space should be shared universally, so should what man found beneath the sea be used for all mankind without infringing the sovereign rights of nations. The supply of marine life, not to speak of mineral deposits, was virtually endless and could help to solve many of the world's economic problems including, possibly, the provision of international capital. However, a large enough attack could be launched on the many problems involved only if all nations co-operated. In that process, the United Nations must play the leading role. For the first time in history, man had within his reach the attainment of a decent life for all, and that would be perhaps the most lasting and significant contribution to international law and order that the United Nations could make.

30. Mr. KUMI (Ghana) observed that, at its thirty-ninth session, the Economic and Social Council had reviewed the progress made towards achieving the targets of the United Nations Development Decade and had concluded that it was unlikely that the 5 per cent growth rate would be achieved. That conclusion should be a matter of concern for the Committee, since all the items on its agenda were related, in one way or another, to the targets of the Development Decade.

31. It had been estimated at the beginning of the Decade that, if the terms of trade of the developing countries could be improved by 10 per cent over the level which had existed at that time and if those countries could increase their share of world trade to 28 per cent, sufficient resources would be provided to achieve and maintain the desired rate of growth. Not only had those objectives not been attained, but the terms of trade had deteriorated progressively and the gap between the developed and the developing countries had widened. Moreover, despite the measures for the liberalization of trade proposed in General Assembly resolution 1710 (XVI), the developing countries' share of world trade had fallen from one third to one fifth and the value of their exports was hardly sufficient to maintain production.

32. For such reasons his delegation had welcomed the establishment of the United Nations Conference on Trade and Development as a permanent organ of the United Nations. The subsidiary organs of the Conference provided the machinery for translating into action the guideline for international trade proposed for the Development Decade. However, the obstacles which had already arisen during the two sessions of the Trade and Development Board were a reason for concern. Doubts had been expressed about the functions of the Conference status of its recommendations. The recommendations adopted at Geneva were intended to be implemented by all Member States. The very few recommendations which certain Governments had not supported would probably be the subject in the Trade and Development Board, of further negotiations to resolve the remaining differences. He therefore appealed to the Committee, as the organ of the General Assembly most directly concerned with the Conference, to confirm the vital importance of its recommendations and to reaffirm that the Conference was not merely a deliberative body but an institution designed to ensure the implementation of those recommendations. The Conference must be endowed with the authority required to secure the implementation of its recommendations.

33. One of the measures which had been expected to make a major contribution towards achieving the targets of the Development Decade was an increased flow of development capital and technical assistance to the developing countries. Both the General Assembly and the Conference had urged that the developed countries should set aside 1 per cent of their national income for that purpose, and it was therefore regrettable that that target had not been achieved; in fact, the flow of funds to the developing countries had hardly increased at all since 1961. From the point of view of the developing countries, one of the main obstacles to the utilization of development capital was the terms on which it was granted. The interest rates at which such capital had been made available in recent years placed a heavy servicing burden on the recipient countries and over 12 per cent of their export receipts had to be used for that purpose. His delegation therefore welcomed the recent recommendation of the Development Assistance Committee of OECD that its members should grant more liberal terms for loans to the developing countries, as well as the decision of the government of the United Kingdom to grant interest-free loans to the neediest countries.

34. Private development capital created even more serious problems for the developing countries. In many cases, the repatriated profits on such investments were so high as to jeopardize their precarious foreign exchange position. The Committee should consider the preparation of an international agreement to enable a reasonable proportion of such profits to be reinvested in the countries concerned. The Committee might also wish to recommend that the Secretary-General should be requested to include, in future studies of capital flows, a systematic review of income payments from developing countries.

35. The problems created by loans made on such unfavourable terms were one of the factors which had led to the demand for a United Nations capital development fund. The proposed fund was about to become a reality and there was no reason why its administration should not be undertaken by the new United Nations Development Programme.

36. There was wide recognition of the fact that industrialization was the key to economic development. The need for a specialized agency for industrial development was, however, a subject on which there was some disagreement. The Economic and Social Council, the United Nations Conference on Trade and Development and the Centre for Industrial Development had all expressed themselves in favour of such an agency and the Secretary-General's proposals concerning its scope, structure and functions would be before the Committee at the current session. All that remained to be done was to authorize the Council to convene an international conference to draft the inter-governmental agreement that would constitute the new agency.

37. The representatives of France and Australia had suggested that one reason for the failure of the developing countries to achieve the target rate of economic growth might be that insufficient attention was given in their programmes to agriculture. The developing countries had, in fact, made provision for agricultural development in their over-all plans but they had also accepted industrialization as the central feature of their long-term economic growth.

38. The regional economic commissions were the organs through which the economic and social activities of the United Nations could most effectively be carried out in the various regions and his delegation welcomed the steps already taken by the Secretary-General to strengthen their role.

39. The Under-Secretary for Economic and Social Affairs had stressed the importance of regional integration. Ghana had consistently maintained that integrated regional development was the best way of ensuring that resources were used economically and to the best advantage and that, in the case of Africa, political unification was the means by which that aim could be achieved.

40. His delegation was gratified to learn of the progress made towards the establishment of the United Nations Institute for Training and Research. His Government had already made a contribution towards its establishment and appreciated the generous contribution announced by the United States.

41. His delegation welcomed the proposal to consolidate the Special Fund and the Expanded Programme of Technical Assistance. The lack of progress of those agencies during the first half of the Development Decade was partly due to duplication in their functions and he hoped that the General Assembly would approve the consolidation proposal before the United Nations Pledging Conference on the Expanded Programme and Special Fund in November.

42. He supported the recommendation of the Council for the extension of the World Food Programme, but urged that in the future the Programme should

use the funds at its disposal to purchase export commodities from the developing countries.

43. For a number of reasons, the Economic and Social Council had failed to live up fully to the trust placed in it and he therefore supported the proposal for a review and reappraisal of its activities.

44. Mr. TORNQVIST (Finland) said that, among the changes and technical advances that had taken place in the world in recent decades, the most remarkable was probably the change in national attitudes towards poverty. It had come to be generally recognized that the eradication of poverty was a major part of national economic and social policy. The same problems on the international level were now the object of the deliberations of the Second Committee. It was regrettable, as the Under-Secretary for Economic and Social Affairs had stated, that progress on the international level had been slow in recent years and that, in the developing countries, the over-all level of performance was lower than that of the 1950's.

45. A number of previous speakers had referred to the difficulties encountered in organizing international financial and technical assistance stimulating industrialization and establishing trade conventions, preferences and regulations. Some of the problems might be due to the fact that the international attitude to poverty had changed less than national attitudes. Distrust between nations and resistance to change were probably the psychological factors the Under-Secretary had had in mind when he had spoken of the disenchantment with international assistance which had become evident. Another reason for the slow economic progress of the developing countries might be that research had not yet revealed the ideal ways and means of promoting economic growth. The agricultural sector, for instance, should not be neglected, since without it industrialization was bound to fail.

46. The capital component of production was equally important. If producers were unable to replace obsolete

equipment, their production and markets were bound to be adversely affected.

47. The national policies of recipient countries needed to be flexible enough to facilitate the implementation of international development and investment programmes. Governments should therefore be urged to devote much more effort to securing the adoption of plans of action at the national level which took into account international assistance and the measures suggested by various advisers.

48. The Committee would, in considering agenda item 37 (Report of the United Nations Conference on Trade and Development), undoubtedly bear in mind the dangers foreseen by the Secretary-General of the Conference when he had warned, at the second session of the Trade and Development Board, against leaving the resolutions adopted by the Conference hanging in the air. The time had come to resolve quickly the remaining organizational questions and to move on to the issues of substance.

49. His delegation supported the proposal for the consolidation of the two United Nations organs concerned with development programmes. He was convinced that a way could be found to guarantee that the smaller sized donor countries would have a voice in the management of the programme. Similarly, his delegation was in favor of strengthening the resources and the personnel of the Centre for Industrial Development.

50. The review of the role and functions of the Economic and Social Council was particularly important in view of the vast organizational expansion of the United Nations in the economic field. That problem should be approached with the aim of defining and clarifying more precisely than hitherto the role and the functions of the Council.

The meeting rose at 1 p.m.